# IFRS 17 Insurance Contracts DEA

## Preliminary summary of feedback received

15 MARCH 2021

**Agenda paper 04-02A**

# Where we are in the EFRAG process

- EFRAG DEA issued for comments on 29 September 2020
- Comment period ended 29 January 2021
- No official EFRAG position on how the DEA will change to address comments
- Discussion and approval process of the FEA planned in March 2021
- Contents in this presentation refer to the comment letters received by EFRAG which are public and can be found on EFRAG website

# Overview

- EFRAG DEA
- Overview of respondents
- True and Fair View
- European public good
- Other questions wrt European public good

# EFRAG DEA

# IFRS 17 consensual advice apart from annual cohorts

EFRAG Board has concluded on a consensus basis that, apart from the requirement to apply annual cohorts to intergenerationally-mutualised ('IGM') and cashflow matched contracts ('CFM'), on balance, all the other requirements of IFRS 17

- meet the qualitative characteristics of relevance, reliability, comparability and understandability required to support 'economic decisions and the assessment of stewardship
- raise no issues regarding prudent accounting
- do not create any distortion in their interaction with other IFRS Standards and that all necessary disclosures are required
- EFRAG has concluded that all the other requirements of IFRS 17 are not contrary to the true and fair view principle
- all the other requirements of IFRS 17 would improve financial reporting and would reach an acceptable cost-benefit trade-off
- EFRAG assesses that all the other requirements in IFRS 17, on balance, are conducive to the European public good.

# Annual cohorts

- Nine EFRAG Board members consider that overcoming in a timely manner the issues of IFRS 4 brings sufficient benefits despite the concerns on annual cohorts. They believe that, in the absence of an alternative principles-based approach to grouping of contracts, on balance the annual cohorts requirement provides an acceptable conventional approach that enables to meet the reporting objectives of the level of aggregation of IFRS 17.
- Seven EFRAG Board members consider that in many cases in Europe the requirement to apply annual cohorts for IGM and CFM contracts will result in information that is neither relevant nor reliable.
  - This is because the requirement does not depict an entity's rights and obligations and results in information that represents neither the economic characteristics of these contracts nor the entity's underlying business model.
  - These EFRAG Board members also consider that this requirement is not conducive to the European public good because it:
    (i) adds complexity and cost and does not bring benefits in terms of the resulting information,
    (ii) may lead to unintended incentives to change the way insurers cover insurance risks and
    (iii) may produce pro-cyclical reporting effects

# Contents required by the Commission and Parliament

- Benefits compared to existing situation including consistent and understandable reporting
- Clarity of scope of VFA to provide understandable information
- Pattern of release of CSM (contractual service margin)
- Specificities of the insurance sector
- Potential effects on financial stability, competitiveness and insurance market
- Cost-benefit analysis
- Views from EBA and ESMA
- Presentation of general insurance contracts
- Interaction between IFRS 17 and Solvency II
- Impact on long-term investment in the EU, procyclicality and volatility
- Application of IFRS 15 as well as transitional requirements
- Impact on reinsurance
- Annual cohort requirement

# Overview of respondents

# Overview of respondents

## By country

| | No. |
|---|---|
| Austria | 1 |
| Belgium | 1 |
| Europe | 8 |
| France | 6 |
| Germany | 5 |
| Global/Europe* | 7 |
| Italy | 6 |
| Poland | 1 |
| Netherlands | 1 |
| Spain | 2 |
| UK | 1 |
| **Total** | **39** |

## By type

| | No. |
|---|---|
| Actuarial organisation | 4 |
| Government | 1 |
| National Standard Setter | 5 |
| Preparer | 16 |
| Accounting organisations and auditors | 8 |
| Regulator | 2 |
| User (2 user organisations) | 3 |
| **Total** | **39** |

## By type of response

| | No. |
|---|---|
| Invitation to comment | 24 |
| Letter | 15 |
| **Total** | **39** |

* Refers to global organisations with a European presence, e.g., global auditing firms

# IFRS 17 DEA - True and fair view

# Responses to True and Fair view questions: overview

- **Question 2a:** Do all the other requirements in IFRS 17, apart from the application of annual cohorts to IGM and CFM contracts, meet the technical requirements?
- **Question 2b**: Do the requirements in IFRS 17 relating to the application of annual cohorts to IGM contracts meet the technical requirements?
- **Question 2c:** Do the requirements in IFRS 17 relating to the application of annual cohorts to CFM contracts meet the technical requirements?

| | "Yes" | "No" | Both "Yes" and "No" | No answer[1] | Other[3] |
|---|---|---|---|---|---|
| **Q2a: Criteria met for all other requirements?** | | | | | |
| **ITC** | 18 (1 user) | 3 | 2 | - | 1 (EUO) |
| **Letter** | 6 | - | - | 8[2] | 1 (IUO) |
| | **24 (1 user)** | **3** | **2** | **8** | **2** |
| **Q2b: Criteria met for annual cohorts for IGM?** | | | | | |
| **ITC** | 8 (1 user) | 14 | - | 1 | 1 (EUO) |
| **Letter** | 5 | 6 | - | 3 | 1 (IUO) |
| | **13 (1 user)** | **20** | **-** | **4** | **2** |
| **Q2c: Criteria met for annual cohorts for CFM?** | | | | | |
| **ITC** | 7 (1 user) | 6 | - | 10 | 1 (EUO) |
| **Letter** | 5 | 4 | - | 5 | 1 (IUO) |
| | **12 (1 user)** | **10** | **-** | **15** | **2** |

[1] This refers to no response provided (either in ITC or letter) or marked as not applicable. Further details can be found in the annex.
[2] Four of these supported endorsement and five wanted a solution for annual cohorts.
[3] Interpreted as supporting to apply annual cohorts to all contracts, however EUO would support a simplified implementation approach and IUO had a small minority in dissenting position.

**IGM**: intergenerationallly-mutualised contracts **CFM**: cashflow-matched contracts

**IOU**: International user organisation **EUO**: European user organisation

# Comments received to True and Fair view questions

| | No. of respondents |
|---|---|
| **No delay to IFRS 17's effective date of 1 January 2023** | 21 |
| **No EU-specific modification** | 18[1] |
| **In favour of annual cohort solution (total) of which:** | 21 |
| • In favour for both IGM and CFM contracts | *10* |
| • In favour for IGM contracts | *10* |
| • Contracts not specified | *1*[1] |
| **Annual cohort solution should be optional** | 11 |
| **No view on annual cohorts** | 1 |

[1] A user organisation provided a majority view (IFRS 17 unchanged) and a minority view (solution for annual cohorts).

**IGM**: intergenerationallly mutualised contracts **CFM**: cash flow matched contracts
Please see Annex for further information.

# Comments received by type of respondent

| | Actuaries | Govt. | NSS | Preparer[1] | Acc. org. | Regulator | User | Total |
|---|---|---|---|---|---|---|---|---|
| **No delay to 2023 effective date** | **1** | **-** | **4** | **9** | **5** | **-** | **2** | ***21*** |
| **No EU-specific modification** | **1** | **-** | **2** | **3** | **7** | **2** | **3** [2] | ***18*** |
| **In favour of annual cohort solution** | **3** | **1** | **3** | **12** | **1** | **-** | **1** [2] | ***21*** |
| *- In favour for both IGM and CFM* | *-* | *1* | *2* | *7* | *-* | *-* | *-* | *10* |
| *- Om favour for IGM contracts* | *3* | *-* | *1* | *5* | *1* | *-* | *-* | *10* |
| *- Unspecified* | *-* | *-* | *-* | *-* | *-* | *-* | *1*[1] | *1* |
| **Annual cohort solution should be optional** | **2** | **1** | **-** | **8** | **-** | **-** | **-** | ***11*** |
| **No view on annual cohort issue** | **-** | **-** | **-** | **1** | **-** | **-** | **-** | **1** |

[1] Includes preparer organisations.
[2] A user organisation provided a majority view (IFRS 17 unchanged) and a minority view (solution for annual cohorts).

**IGM**: intergenerationallly-mutualised contracts **CFM**: cashflow-matched contracts
**IOU**: International user organisation **EUO**: European user organisation

Please see Annex for further information.

# Comments received by country of respondent

| | AT | BE | Europe | ES | FR | DE | Global/ Europe | IT | PO | NL | UK | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **No delay to 2023 effective date** | - | 1 | 4 | 1 | 4 | 3 | 6 | 1 | - | *1* | - | *21* |
| **No EU-specific modification** | - | 1 | 5 | - | - | 4 | 7[1] | - | - | *1* | - | *18* |
| **In favour of annual cohort solution** | 1 | - | 5 | 2 | 6 | - | 1[1] | 5 | 1 | - | - | *21* |
| *- In favour for both IGM and CFM* | *-* | *-* | *4* | *2* | *1* | *-* | *-* | *2* | *1* | *-* | *-* | *10* |
| *- Om favour for IGM contracts* | *1* | *-* | *1* | *-* | *5* | *-* | *-* | *3* | *-* | *-* | *-* | *10* |
| *- Unspecified* | *-* | *-* | *-* | *-* | *-* | *-* | *1[1]* | *-* | *-* | *-* | *-* | *1* |
| **Annual cohort solution should be optional** | 1 | - | 5 | 1 | 1 | 1 | - | 1 | 1 | - | - | 11 |
| **No view on annual cohort issue** | - | - | - | - | - | - | - | - | - | - | 1 | 1 |

[1] A user organisation provided a majority view (IFRS 17 unchanged) and a minority view (solution for annual cohorts).

**IGM**: intergenerationallly-mutualised contracts **CFM**: cashflow-matched contracts
**IOU**: International user organisation **EUO**: European user organisation

Please see Annex for further information.

**IGM**: intergenerationallly-mutualised contracts **CFM**: cashflow-matched contracts

# Further information provided by respondents

## Prevalence of IGM and CFM contracts in Europe

- In **Italy,** IGM contracts amount to 72% of the total life technical provisions as of 30 September 2020.
- In **France**, the annual cohorts requirement is an issue for **all** life and health contracts and investment contracts with discretionary participation features which are not unit-linked.
- Annual cohorts are an issue for 89% for contracts where the matching adjustment is applied in **Spain** (CFM contracts).

## Indicating support for early adoption

| | Actuaries | Preparer | Total |
|---|---|---|---|
| **By respondent type** | 1 | 3 | ***4*** |

| | Belgium | Germany | Spain | Total |
|---|---|---|---|---|
| **By respondent country** | 1 | 2 | 1 | ***4*** |

# IFRS 17 DEA - European public good

# Responses with regard to European public good

- **Question 3a:** Are all the other requirements in IFRS 17, apart from the application of annual cohorts to IGM and CFM contracts, conducive to European public good?
- **Question 3b**: Are the requirements in IFRS 17 relating to the application of annual cohorts to IGM contracts conducive to European public good?
- **Question 3c:** Are the requirements in IFRS 17 relating to the application of annual cohorts to CFM contracts conducive to European public good?

| | "Yes" | "No" | No answer[1] | Other[2] |
|---|---|---|---|---|
| **Criteria met for all other requirements?** | | | | |
| ITC | 20 (1 user) | 3 | - | 1 (EUO) |
| Letter | 6 | - | 8 | 1 (IUO) |
| | **26 (1 user)** | **3** | **8** | **2** |
| **Criteria met for annual cohorts relating to IGM contracts?** | | | | |
| ITC | 8 (1 user) | 14 | 1 | 1 (EUO) |
| Letter | 5 | 6 | 3 | 1 (IUO) |
| | **13 (1 user)** | **20** | **4** | **2** |
| **Criteria met for annual cohorts relating to CFM contracts?** | | | | |
| ITC | 7 (1 user) | 6 | 10 | 1 (EUO) |
| Letter | 5 | 4 | 5 | 1 (IUO) |
| | **12 (1 user)** | **10** | **15** | **2** |

[1] This refers to no responses being provided (either in ITC or letter) or marked as not applicable.
[2] Interpreted as supporting to apply annual cohorts to all contracts, however EUO would support a simplified implementation approach and IUO had a small minority in dissenting position.
For more information, please see the Annex.

**IGM**: intergenerationallly-mutualised contracts **CFM**: cashflow-matched contracts

**IOU**: International user organisation **EUO**: European user organisation

# Other questions on European public good

# Other questions: reasons for disagreement (1 of 5)

| ` | Agree with EFRAG | Disagree with EFRAG | Both "Yes" and "No" | No answer[1] |
|---|---|---|---|---|
| **4. Improvement in financial reporting** | 25 ( 3 users) | 3 | 2 | 9 |
| **5. Costs and benefits** | 18 (1 user) | 3 (1 EUO) | 1 | 17 (1 IUO) |

For further granular information, please refer to Agenda Paper 01-02 IFRS 17 Comment letter analysis

[1] This refers to no response provided or marked as not applicable

**IOU**: International user organisation **EUO**: European user organisation

*Q 4: Improvement in financial reporting*

- Different methodologies and judgement required: CSM allocation, risk adjustment calculation and VFA eligibility
- Disclosures should be only of material items to avoid excessive details
- Mismatches that arise under fair value approach, CSM amortisation, reinsurance, multi-component contracts, interaction with IFRS 9 and business combinations
- Calculation of regulatory capital requirements of conglomerates
- IFRS 4 already allows current estimates and an allowance for risk; IFRS 17 complexity is unnecessary

*Q 5: Costs and benefits*

- Costs outweigh benefits of increased comparability and relevance due to complexity; would worsen if no solution for annual cohorts
- Very difficult to quantify and measure the benefits of IFRS 17
- Significant proportion of the implementation costs has already been incurred
- Costs relating to the implementation of the annual cohort requirement leads to a negative assessment, but the benefits of other requirements exceed the related costs

# Other questions: reasons for disagreement (2 of 5)

| ` | Agree with EFRAG | Disagree with EFRAG | Both "Yes" and "No" | No answer[1] |
|---|---|---|---|---|
| **6. Financial stability** | 20 (1 user, 1 EUO) | 3 | - | 16 (1 IUO) |
| **7. Competitiveness** | 22 (1 user, 1 EUO) | - | - | 17 (1 IUO) |
| **8a. Pricing and product offerings** | 22 (1 user, 1 EUO) | - | - | 17 (1 IUO) |
| **8b. Asset allocation** | 21 (1 user, 1 EUO) | 2 | - | 16 (1 IUO) |
| **8c. SMEs** | 16 (1 user, 1 EUO) | 4 | 1 | 18 (1 IUO) |

For further granular information, please refer to Agenda Paper 01-02 IFRS 17 Comment letter analysis

[1] This refers to no response provided or marked as not applicable

**IOU**: International user organisation **EUO**: European user organisation

*Q 6: Financial stability*

- The behaviour of long-term contracts under stressed market conditions where CSM is immediately impacted by changes in the value of options and guarantees. The downside volatility is procyclical. Hence, improved transparency - allowing investors to react more timely – does not mitigate volatility and procyclicality.
- The volatility induced by market consistent measurement is artificially amplified by the annual cohorts' requirement

*Q 8b: Asset allocation*

- Will also be based on accounting treatment (e.g., change in use of derivatives depending qualification for hedge accounting or invest less in equities due to lack of recycling under IFRS 9)

*Q 8c: SMEs*

- EFRAG's analysis on SMEs affected by IFRS 17 is misleading. To define "small" insurers, EFRAG uses EIOPA's definition of small insurers for which Solvency II requirements do not apply. This means that EFRAG's analysis focuses only on extremely small insurers and fails to consider the large number of small and medium unlisted insurers which apply IFRS as part of the option under article 5 of the IAS regulation in Europe.
- A proportionate approach should be adapted such as in Solvency II.

# Other questions: reasons for disagreement (3 of 5)

| ` | Agree with EFRAG | Disagree with EFRAG | Both "Yes" and "No" | No answer[1] |
|---|---|---|---|---|
| **9. Presentation of general insurance contracts** | 14 (1 user) | 6 | 1 | 18 (1 IUO, 1 EUO) |
| **10. IFRS 17 and Solvency II** | 23 (1 user, 1 EUO) | - | - | 16 (1 IUO) |
| **11a. Long-term investment** | 21 (1 user, 1 EUO) | 1 | - | 17 (1 IUO) |
| **11b. Procyclicality and volatility** | 18 (1 user, 1 EUO) | 5 | - | 16 (1 IUO) |

For further granular information, please refer to Agenda Paper 01-02 IFRS 17 Comment letter analysis

[1] This refers to no response provided or marked as not applicable **IOU**: International user organisation **EUO**: European user organisation

*Q 9: Presentation of general insurance contracts*

- Non-presentation of insurance receivables and payables, and collateral reinsurance deposits
- Lack of guidance on presentation of expenses by nature or by function means results will not be comparable
- Insurance service result will not be comparable to information currently provided
- Interaction between IFRS 17 and IFRS 9 for financial conglomerates
- Treatment of contracts acquired in their settlement period in a business combination or portfolio transfer

*Q 11a: Long-term investment*

- Lack of recycling of equity instruments under IFRS 9

*Q 11b: Procyclicality and volatility*

- The impact on the regulatory capital requirements for financial conglomerates
- The locked in discount rate under the general model leads to accounting volatility
- For conglomerates, the IFRS results may be relevant for dividend distribution purposes

# Other questions: reasons for disagreement (4 of 5)

| ` | Agree with EFRAG | Disagree with EFRAG | Both "Yes" and "No" | No answer[1] |
|---|---|---|---|---|
| **12a. Hedge accounting** | 15 (1 user, 1 EUO) | 3 | 1 | 20 (1 IUO) |
| **12b. OCI balances and risk mitigation** | 12 (1 user) | 8 | 1 | 18 (1 EUO, 1 IUO) |
| **13. IFRS 15** | 20 (1 user, 1 EUO) | - | - | 19 (1 IUO) |
| **14. Transitional requirements** | 18 (1 user, 1 EUO) | 3 | 2 | 16 (1 IUO) |

For further granular information, please refer to Agenda Paper 01-02 IFRS 17 Comment letter analysis

[1] This refers to no response provided or marked as not applicable

**IOU**: International user organisation **EUO**: European user organisation

*Q 12a: Hedge accounting*

- Lack of recycling of equity instruments under IFRS 9
- Lack of macro hedge model for insurance liabilities

*Q 12b: OCI balances and risk mitigation*

- The impact on the regulatory capital requirements for financial conglomerates
- The locked in discount rate under the general model leads to accounting volatility
- For conglomerates, the IFRS results may be relevant for dividend distribution purposes
- Risk mitigation is an integral part of normal business operations in the insurance industry and is routinely planned and documented. There should be no significant difficulty in providing the evidence in practice to support the retrospective application of the risk mitigation option.

*Q 14: Transitional requirements*

- Complexity of the MRA on transition
- Conceptual reservations about the use of the FVA (use of level-3 measurements) and lack of flexibility in the FRA and MRA which could encourage application of the FVA

# Other questions: reasons for disagreement (5 of 5)

| | Agree with EFRAG | Disagree with EFRAG | Both "Yes" and "No" | No answer[1] |
|---|---|---|---|---|
| **15. Reinsurance** | 15 (1 user) | 6 | 1 | 17 (1 EUO, 1 IUO) |
| **16a. Delay to 2023** | 22 (1 user, 1 EUO) | - | - | 17 (1 IUO) |
| **16b. Early application** | 21 (1 user, 1 EUO) | 1 | - | 17 (1 IUO) |
| **17. No other factors to consider** | 20 (1 user) | 2 (1 EUO) | - | 17 (1 IUO) |

For further granular information, please refer to Agenda Paper 01-02 IFRS 17 Comment letter analysis

[1] This refers to no response provided or marked as not applicable **IOU**: International user organisation **EUO**: European user organisation

**Reasons for disagreement**

*Q 15: Reinsurance*

- Scope of the VFA
- Contract boundaries

*Q 16b: Early application*

- Some preparers may want to be able to early adopt

*Q 17: No other factors to consider*

- Volatility in OCI should be addressed
- Annual cohorts could incorrectly reflect profitability and does not agree to Solvency II classification of life and non-life contracts.

# Some further issues highlighted

## Q14 Transition

Few respondents touched upon areas broader than IFRS 17

- Retrospective application of IFRS 9 to financial instruments derecognised at date of initial application
- Recycling of gains or losses of equity investments under IFRS 9
- Effects of applying IFRS 9 and IFRS 17 together on the regulatory capital requirements of financial conglomerates

## Role of actuaries

Actuaries request a more formal role in relation to IFRS 17

# Impact of the pandemic

Broader effects (impacting IFRS 17 and solvency reporting)

- Changes in mortality and morbidity experience
- Changes in financial market variables (e.g., interest rates and credit spreads)

Impact on implementation

- Few respondents reported some delay in their implementation process
- No impact on the 2023 effective date though

Use of updated assumptions and current estimates: views differ

- According to some will lead to transparent, meaningful and instructive financial reporting outcomes
- According to others will lead to volatility, procyclical outcomes in adverse market conditions

# Topics raised for IFRS 17 Post Implementation Review

It was suggested that while these topics should not necessarily impact endorsement, they should be resolved by an IFRS 17 PIR at the latest.

| |
|---|
| Reinsurance contracts held:<br>• Contract boundaries<br>• Qualifying for VFA |
| Retrospective application of the risk mitigation option (*) |
| Scope of VFA (B107) |
| Complexity and inflexibility of MRA method on transition (*) |
| Amounts recognised in OCI under FVA transition method (*) |
| Contracts that change nature over time |
| CSM amortisation |
| Multi-component contracts |
| Scope of hedging |
| Interaction with IFRS 9 including comparatives on transition (*) |
| Business combinations |
| Presentation of receivables and payables |
| Measurement of TVOG[1] |
| Locked-in discount rate for CSM under General Model |
| Exclusion of investment components from revenue and claims |
| Disclosure of portfolios in asset or liability position |
| Equivalent confidence level disclosure |
| Interaction between IFRS 17 and IFRS 9 (including hedge accounting) |
| Wider application issues relating to discount rates |

[1]TVOG: time value of options and guarantees
(*) transition requirement

# ANNEX – FURTHER DETAILS

# Annex: Question 2a (1/3)

## Do all the other requirements in IFRS 17, apart from the application of annual cohorts to IGM and CFM contracts, meet the technical requirements?

| | Form of response | Yes | No | Yes and No | No answer | Other | Total |
|---|---|---|---|---|---|---|---|
| **Austria** | | **1** | **-** | **-** | **-** | **-** | **1** |
| Actuarial organisation | ITC | 1 | - | - | - | - | 1 |
| **Belgium** | | **1** | **-** | **-** | **-** | **-** | **1** |
| Preparer | ITC | 1 | - | - | - | - | 1 |
| **Europe** | | **5** | **1** | **1** | **2** | **1** | **10** |
| Accounting organisation | ITC | 1 | - | - | - | - | 1 |
| Actuarial organisation | ITC | 1 | - | - | - | - | 1 |
| Preparer | | - | 1 | 1 | 2 | - | 4 |
| | *ITC* | *-* | *1* | *1* | *-* | *-* | *2* |
| | *Letter* | *-* | *-* | *-* | *2* | *-* | *2* |
| Regulator | Letter | 2 | - | - | - | - | 2 |
| Users | ITC | 1 | - | - | - | 1 | 2 |

# Annex: Question 2a (2/3)

## Do all the other requirements in IFRS 17, apart from the application of annual cohorts to IGM and CFM contracts, meet the technical requirements?

| | Form of response | Yes | No | Yes and No | No answer | Other | Total |
|---|---|---|---|---|---|---|---|
| **France** | | **4** | **-** | **-** | **2** | **-** | **6** |
| Accounting organisation | Letter | - | - | - | 1 | - | 1 |
| Actuarial organisation | ITC | 1 | - | - | - | - | 1 |
| National standard setter | Letter | 1 | - | - | - | - | 1 |
| Preparer | | 2 | - | - | 1 | - | 3 |
| | *ITC* | *2* | *-* | *-* | *-* | *-* | *2* |
| | *Letter* | *-* | *-* | *-* | *1* | *-* | *1* |
| **Germany** | | **3** | **-** | **-** | **1** | **-** | **4** |
| Actuarial organisation | ITC | 1 | - | - | - | - | 1 |
| National standard setter | ITC | 1 | - | - | - | - | 1 |
| Preparer | | 1 | - | - | 1 | - | 2 |
| | *ITC* | *1* | *-* | *-* | *-* | *-* | *1* |
| | *Letter* | *-* | *-* | *-* | *1* | *-* | *1* |
| **Global/Europe** | | **5** | **-** | **-** | **1** | **1** | **7** |
| Accounting organisation | | 5 | - | - | 1 | - | 6 |
| | *ITC* | *2* | *-* | *-* | *-* | *-* | *2* |
| | *Letter* | *3* | *-* | *-* | *1* | *-* | *4* |
| User organisation | Letter | - | - | - | - | 1 | 1 |

# Annex: Question 2a (3/3)

Do all the other requirements in IFRS 17, apart from the application of annual cohorts to IGM and CFM contracts, meet the technical requirements?

| | Form of response | Yes | No | Yes and No | No answer | Other | Total |
|---|---|---|---|---|---|---|---|
| **Italy** | | **5** | **-** | **-** | **-** | **-** | **5** |
| National standard setter | ITC | 1 | - | - | - | - | 1 |
| Preparer | ITC | 4 | - | - | - | - | 4 |
| **Netherlands** | | **-** | **-** | **-** | **1** | **-** | **1** |
| National standard setter | Letter | - | - | - | 1 | - | 1 |
| **Poland** | | **-** | **-** | **-** | **1** | **-** | **1** |
| Government | Letter | - | - | - | 1 | - | 1 |
| **Spain** | | **-** | **2** | **-** | **-** | **-** | **2** |
| National standard setter | ITC | - | 1 | - | - | - | 1 |
| Preparer | ITC | - | 1 | - | - | - | 1 |
| **United Kingdom** | | **-** | **-** | **1** | **-** | **-** | **1** |
| Preparer | ITC | - | - | 1 | - | - | 1 |
| **Total** | | **24** | **3** | **2** | **8** | **2** | **39** |

# Annex: Question 2b (1/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to IGM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Austria** | | **-** | **1** | **-** | **-** | **1** |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| **Belgium** | | **1** | **-** | **-** | **-** | **1** |
| Preparer | ITC | 1 | - | - | - | 1 |
| **Europe** | | **4** | **5** | **-** | **1** | **10** |
| Accounting organisation | ITC | 1 | - | - | - | 1 |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| Preparer | | - | 4 | - | - | 4 |
| | *ITC* | *-* | *2* | *-* | *-* | *2* |
| | *Letter* | *-* | *2* | *-* | *-* | *2* |
| Regulator | Letter | 2 | - | - | - | 2 |
| Users | ITC | 1 | - | - | 1 | 2 |

# Annex: Question 2b (2/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to IGM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **France** | | **-** | **6** | **-** | **-** | **6** |
| Accounting organisation | Letter | - | 1 | - | - | 1 |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| National standard setter | Letter | - | 1 | - | - | 1 |
| Preparer | | - | 3 | - | - | 3 |
| | *ITC* | *-* | *2* | *-* | *-* | *2* |
| | *Letter* | *-* | *1* | *-* | *-* | *1* |
| **Germany** | | **3** | **-** | **1** | **-** | **4** |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| National standard setter | ITC | 1 | - | - | - | 1 |
| Preparer | | 1 | - | 1 | - | 2 |
| | *ITC* | *1* | *-* | *-* | *-* | *1* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Global/Europe** | | **5** | **-** | **1** | **1** | **7** |
| Accounting organisation | | 5 | - | 1 | - | 6 |
| | *ITC* | *2* | *-* | *-* | *-* | *2* |
| | *Letter* | *3* | *-* | *1* | *-* | *4* |
| User organisation | Letter | - | - | - | 1 | 1 |

# Annex: Question 2b (3/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to IGM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Italy** | | **-** | **5** | **-** | **-** | **5** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 4 | - | - | 4 |
| **Netherlands** | | **-** | **-** | **1** | **-** | **1** |
| National standard setter | Letter | - | - | 1 | - | 1 |
| **Poland** | | **-** | **1** | **-** | **-** | **1** |
| Government | Letter | - | 1 | - | - | 1 |
| **Spain** | | **-** | **2** | **-** | **-** | **2** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 1 | - | - | 1 |
| **United Kingdom** | | **-** | **-** | **1** | **-** | **1** |
| Preparer | ITC | - | - | 1 | - | 1 |
| **Total** | | **13** | **20** | **4** | **2** | **39** |

# Annex: Question 2c (1/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to CFM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Austria** | | **1** | **-** | **-** | **-** | **1** |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| **Belgium** | | **-** | **-** | **1** | **-** | **1** |
| Preparer | ITC | - | - | 1 | - | 1 |
| **Europe** | | **4** | **4** | **1** | **1** | **10** |
| Accounting organisation | ITC | 1 | - | - | - | 1 |
| Actuarial organisation | ITC | - | - | 1 | - | 1 |
| Preparer | | - | 4 | - | - | 4 |
| | *ITC* | *-* | *2* | *-* | *-* | *2* |
| | *Letter* | *-* | *2* | *-* | *-* | *2* |
| Regulator | Letter | 2 | - | - | - | 2 |
| Users | ITC | 1 | - | - | 1 | 2 |
| **France** | | **-** | **1** | **5** | **-** | **6** |
| Accounting organisation | Letter | - | - | 1 | - | 1 |
| Actuarial organisation | ITC | - | - | 1 | - | 1 |
| National standard setter | Letter | - | 1 | - | - | 1 |
| Preparer | | - | - | 3 | - | 3 |
| | *ITC* | *-* | *-* | *2* | *-* | *2* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |

# Annex: Question 2c (2/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to CFM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Germany** | | **2** | **-** | **2** | **-** | **4** |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| National standard setter | ITC | 1 | - | - | - | 1 |
| Preparer | | - | - | 2 | - | 2 |
| | *ITC* | *-* | *-* | *1* | *-* | *1* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Global/Europe** | | **5** | **-** | **1** | **1** | **7** |
| Accounting organisation | | 5 | - | 1 | - | 6 |
| | *ITC* | *2* | *-* | *-* | *-* | *2* |
| | *Letter* | *3* | *-* | *1* | *-* | *4* |
| User organisation | Letter | - | - | - | 1 | 1 |

# Annex: Question 2c (3/3)

## Do the requirements in IFRS 17 relating to the application of annual cohorts to CFM contracts meet the technical requirements?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Italy** | | **-** | **2** | **3** | **-** | **5** |
| National standard setter | ITC | - | - | 1 | - | 1 |
| Preparer | ITC | - | 2 | 2 | - | 4 |
| **Netherlands** | | **-** | **-** | **1** | **-** | **1** |
| National standard setter | Letter | - | - | 1 | - | 1 |
| **Poland** | | **-** | **1** | **-** | **-** | **1** |
| Government | Letter | - | 1 | - | - | 1 |
| **Spain** | | **-** | **2** | **-** | **-** | **2** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 1 | - | - | 1 |
| **United Kingdom** | | **-** | **-** | **1** | **-** | **1** |
| Preparer | ITC | - | - | 1 | - | 1 |
| **Total** | | **12** | **10** | **15** | **2** | **39** |

# Comments received (1/3)

| | No delay[1] | No EU solution[2] | Solution for ACs[3] | Soln. for both[4] | Soln. for IGM only | Optional soln.[5] |
|---|---|---|---|---|---|---|
| **Austria** | - | - | **1** | - | - | **1** |
| Actuarial organisation | - | - | 1 | - | - | 1 |
| **Belgium** | **1** | **1** | **-** | **-** | **-** | **-** |
| Preparer[6] | 1 | 1 | - | - | - | - |
| **Europe** | **4** | **5** | **5** | **4** | **1** | **5** |
| Accounting organisation | - | 1 | - | - | - | - |
| Actuarial organisation | - | - | 1 | - | 1 | 1 |
| European user org. | - | 1 | - | - | - | - |
| Preparer | 3 | - | 4 | 4 | - | 4 |
| Regulator | - | 2 | - | - | - | - |
| User | 1 | 1 | - | - | - | - |

[1]This refers to comments from respondents asking that the effective date of IFRS 17 should be no later than 1 January 2023 as currently required by the IASB.
[2]Some respondents considered that there should be no European version of IFRS 17.
[3]These respondents considered there should be a solution for the annual cohort requirement.
[4]These respondents considered there should be a solution for both intergenerationally-mutualised and cashflow-matched contracts.
[5]These respondents indicated that any solution for annual cohorts should be optional.
[6]Includes preparer organisations.

# Comments received (2/3)

| | No delay[1] | No EU solution[2] | Solution for ACs[3] | Soln. for both[4] | Soln. for IGM only | Optional soln.[5] |
|---|---|---|---|---|---|---|
| **France** | **4** | **-** | **6** | **1** | **5** | **1** |
| Accounting organisation | - | - | 1 | - | 1 | - |
| Actuarial organisation | - | - | 1 | - | 1 | - |
| National Standard Setter | 1 | - | 1 | 1 | - | - |
| **Pr**eparer[6] | 3 | - | 3 | - | 3 | 1 |
| **Germany** | **3** | **4** | **-** | **-** | **-** | **1** |
| Actuarial organisation | 1 | 1 | - | - | - | - |
| National Standard Setter | 1 | 1 | - | - | - | - |
| Preparer | 1 | 2 | - | - | - | 1 |
| **Global/Europe[7]** | **6** | **7** | **1** | **-** | **-** | **-** |
| Accounting organisation | 5 | 6 | - | - | - | - |
| International user org.[8] | 1 | 1 | 1 | - | - | - |

[1]This refers to comments from respondents asking that the effective date of IFRS 17 should be no later than 1 January 2023 as currently required by the IASB.
[2]Some respondents considered that there should be no European version of IFRS 17.
[3]These respondents considered there should be a solution for the annual cohort requirement.
[4]These respondents considered there should be a solution for both intergenerationally-mutualised and cashflow-matched contracts.
[5]These respondents indicated that any solution for annual cohorts should be optional.
[6]Includes preparer organisations.
[7]Includes global organisations with a strong presence in Europe such as auditing firms.
[8]This respondent did not specify to which contracts a possible solution should apply.

# Comments received (3/3)

| | No delay[1] | No EU solution[2] | Solution for ACs[3] | Soln. for both[4] | Soln. for IGM only | Optional soln.[5] |
|---|---|---|---|---|---|---|
| **Italy** | **1** | **-** | **5** | **2** | **3** | **1** |
| National Standard Setter | 1 | - | 1 | - | 1 | - |
| Preparer[6] | - | - | 4 | 2 | 2 | 1 |
| **Netherlands** | **1** | **1** | **-** | **-** | **-** | **-** |
| National Standard Setter | 1 | 1 | - | - | - | - |
| **Poland** | **-** | **-** | **1** | **1** | **-** | **1** |
| Government | - | - | 1 | 1 | - | 1 |
| **Spain** | **1** | **-** | **2** | **2** | **-** | **1** |
| National Standard Setter | - | - | 1 | 1 | - | 1 |
| Preparer | 1 | - | 1 | 1 | - | - |
| **Total** | **22** | **17** | **23** | **13** | **10** | **11** |

[1]This refers to comments from respondents asking that the effective date of IFRS 17 should be no later than 1 January 2023 as currently required by the IASB.
[2]Some respondents considered that there should be no European version of IFRS 17.
[3]These respondents considered there should be a solution for the annual cohort requirement.
[4]These respondents considered there should be a solution for both intergenerationally-mutualised and cashflow-matched contracts.
[5]These respondents indicated that any solution for annual cohorts should be optional.
[6]Includes preparer organisations.

# Annex: Question 3a (1/3) Have the European public good criteria been met for all other requirements (excluding annual cohorts).

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Austria** | | **1** | **-** | **-** | **-** | **1** |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| **Belgium** | | **1** | **-** | **-** | **-** | **1** |
| Preparer | ITC | 1 | - | - | - | 1 |
| **Europe** | | **6** | **1** | **2** | **1** | **10** |
| Accounting organisation | ITC | 1 | - | - | - | 1 |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| Preparer | | 1 | 1 | 2 | - | 4 |
| | *ITC* | *1* | *1* | *-* | *-* | *2* |
| | *Letter* | *-* | *-* | *2* | *-* | *2* |
| Regulator | Letter | 2 | - | - | - | 2 |
| Users | ITC | 1 | - | - | 1 | 2 |

# Annex: Question 3a (2/3) Have the European public good criteria been met for all other requirements (excluding annual cohorts)?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **France** | | 4 | - | 2 | - | 6 |
| Accounting organisation | Letter | - | - | 1 | - | 1 |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| National standard setter | Letter | 1 | - | - | - | 1 |
| Preparer | | 2 | - | 1 | - | 3 |
| | *ITC* | *2* | *-* | *-* | *-* | *2* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Germany** | | 3 | - | 1 | - | 4 |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| National standard setter | ITC | 1 | - | - | - | 1 |
| Preparer | | 1 | - | 1 | - | 2 |
| | *ITC* | *1* | *-* | *-* | *-* | *1* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Global/Europe** | | 5 | - | 1 | 1 | 7 |
| Accounting organisation | | 5 | - | 1 | - | 6 |
| | *ITC* | *2* | *-* | *-* | *-* | *2* |
| | *Letter* | *3* | *-* | *1* | *-* | *4* |
| User organisation | Letter | - | - | - | 1 | 1 |

# Annex: Question 3a (3/3) Have the European public good criteria been met for all other requirements (excluding annual cohorts)?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Italy** | | **5** | **-** | **-** | **-** | **5** |
| National standard setter | ITC | 1 | - | - | - | 1 |
| Preparer | ITC | 4 | - | - | - | 4 |
| **Netherlands** | | **-** | **-** | **1** | **-** | **1** |
| National standard setter | Letter | - | - | 1 | - | 1 |
| **Poland** | | **-** | **-** | **1** | **-** | **1** |
| Government | Letter | **-** | **-** | **1** | **-** | **1** |
| **Spain** | | **-** | **2** | **-** | **-** | **2** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 1 | - | - | 1 |
| **United Kingdom** | | **1** | **-** | **-** | **-** | **1** |
| Preparer | ITC | 1 | - | - | - | 1 |
| **Total** | | **26** | **3** | **8** | **2** | **39** |

# Annex: Question 3b (1/3) Have the European public good criteria been met for annual cohorts relating to intergenerationally-mutualised contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Austria** | | **-** | **1** | **-** | **-** | **1** |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| **Belgium** | | **1** | **-** | **-** | **-** | **1** |
| Preparer | ITC | 1 | - | - | - | 1 |
| **Europe** | | **4** | **5** | **-** | **1** | **10** |
| Accounting organisation | ITC | 1 | - | - | - | 1 |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| Preparer | | - | 4 | - | - | 4 |
| | *ITC* | *-* | *2* | *-* | *-* | *2* |
| | *Letter* | *-* | *2* | *-* | *-* | *2* |
| Regulator | Letter | 2 | - | - | - | 2 |
| Users | ITC | 1 | - | - | 1 | 2 |

# Annex: Question 3b (2/3) Have the European public good criteria been met for annual cohorts relating to intergenerationally-mutualised contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **France** | | **-** | **6** | **-** | **-** | **6** |
| Accounting organisation | Letter | - | 1 | - | - | 1 |
| Actuarial organisation | ITC | - | 1 | - | - | 1 |
| National standard setter | Letter | - | 1 | - | - | 1 |
| Preparer | | - | 3 | - | - | 3 |
| | ITC | - | 2 | - | - | 2 |
| | Letter | - | 1 | - | - | 1 |
| **Germany** | | **3** | **-** | **1** | **-** | **4** |
| Actuarial organisation | ITC | 1 | - | - | - | 1 |
| National standard setter | ITC | 1 | - | - | - | 1 |
| Preparer | | 1 | - | 1 | - | 2 |
| | ITC | 1 | - | - | - | 1 |
| | Letter | - | - | 1 | - | 1 |
| **Global/Europe** | | **5** | **-** | **1** | **1** | **7** |
| Accounting organisation | | 5 | - | 1 | - | 6 |
| | ITC | 2 | - | - | - | 2 |
| | Letter | 3 | - | 1 | - | 4 |
| User organisation | Letter | - | - | - | 1 | 1 |

# Annex: Question 3b (3/3) Have the European public good criteria been met for annual cohorts relating to intergenerationally-mutualised contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Italy** | | **-** | **5** | **-** | **-** | **5** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 4 | - | - | 4 |
| **Netherlands** | | **-** | **-** | **1** | **-** | **1** |
| National standard setter | Letter | - | - | 1 | - | 1 |
| **Poland** | | **-** | **1** | **-** | **-** | **1** |
| Government | Letter | - | 1 | - | - | 1 |
| **Spain** | | **-** | **2** | **-** | **-** | **2** |
| National standard setter | ITC | - | 1 | - | - | 1 |
| Preparer | ITC | - | 1 | - | - | 1 |
| **United Kingdom** | | **-** | **-** | **1** | **-** | **1** |
| Preparer | ITC | - | - | 1 | - | 1 |
| **Total** | | **13** | **20** | **4** | **2** | **39** |

# Annex: Question 3c (1/3) Have the European public good criteria been met for annual cohorts relating to cashflow-matched contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Austria** | | **1** | **-** | **-** | **-** | **1** |
| **Actuarial organisation** | ITC | 1 | - | - | - | 1 |
| **Belgium** | | **-** | **-** | **1** | **-** | **1** |
| **Preparer** | ITC | - | - | 1 | - | 1 |
| **Europe** | | **4** | **4** | **1** | **1** | **9** |
| **Accounting organisation** | ITC | 1 | - | - | - | 1 |
| **Actuarial organisation** | ITC | - | - | 1 | - | 1 |
| **Preparer** | | - | 4 | - | - | 4 |
| | *ITC* | *-* | *2* | *-* | *-* | *2* |
| | *Letter* | *-* | *2* | *-* | *-* | *2* |
| **Regulator** | Letter | 2 | - | - | - | 2 |
| **Users** | ITC | 1 | - | - | 1 | 2 |

# Annex: Question 3c (2/3) Have the European public good criteria been met for annual cohorts relating to cashflow-matched contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **France** | | **-** | **1** | **5** | **-** | **6** |
| **Accounting organisation** | Letter | - | - | 1 | - | 1 |
| **Actuarial organisation** | ITC | - | - | 1 | - | 1 |
| **National standard setter** | Letter | - | 1 | - | - | 1 |
| **Preparer** | | - | - | 3 | - | 3 |
| | *ITC* | *-* | *-* | *2* | *-* | *2* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Germany** | | **2** | **-** | **2** | **-** | **4** |
| **Actuarial organisation** | ITC | 1 | - | - | - | 1 |
| **National standard setter** | ITC | 1 | - | - | - | 1 |
| **Preparer** | | - | - | 2 | - | 2 |
| | *ITC* | *-* | *-* | *1* | *-* | *1* |
| | *Letter* | *-* | *-* | *1* | *-* | *1* |
| **Global/Europe** | | **5** | **-** | **1** | **1** | **7** |
| **Accounting organisation** | | 5 | - | 1 | - | 6 |
| | *ITC* | *2* | *-* | *-* | *-* | *2* |
| | *Letter* | *3* | *-* | *1* | *-* | *4* |
| **User organisation** | Letter | - | - | - | 1 | 1 |

# Annex: Question 3c (3/3) Have the European public good criteria been met for annual cohorts relating to cashflow-matched contracts?

| | Form of response | Yes | No | No answer | Other | Total |
|---|---|---|---|---|---|---|
| **Italy** | | **-** | **2** | **3** | **-** | **5** |
| **National standard setter** | ITC | - | - | 1 | - | 1 |
| **Preparer** | ITC | - | 2 | 2 | - | 4 |
| **Netherlands** | | **-** | **-** | **1** | **-** | **1** |
| **National standard setter** | Letter | - | - | 1 | - | 1 |
| **Poland** | | **-** | **1** | **-** | **-** | **1** |
| **Government** | Letter | - | 1 | - | - | 1 |
| **Spain** | | **-** | **2** | **-** | **-** | **2** |
| **National standard setter** | ITC | - | 1 | - | - | 1 |
| **Preparer** | ITC | - | 1 | - | - | 1 |
| **United Kingdom** | | **-** | **-** | **1** | **-** | **1** |
| **Preparer** | ITC | - | - | 1 | - | 1 |
| **Total** | | **12** | **10** | **15** | **2** | **39** |

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# Thank you

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